

**REVISIONS TO
2022 NAIC ANNUAL STATEMENT INSTRUCTIONS – PROPERTY**

OCT 2022

PAGE 739: **MORTGAGE GUARANTY INSURANCE EXHIBIT**
Revision: Modify the instructions for Column 31 and 32
Reason: Changes made in error to the 2021 instructions

PAGE 750: **COMBINED ANNUAL STATEMENT FOR AFFILIATED
PROPERTY/CASUALTY INSURERS**
Revision: Modify the line references for Schedule D, Parts 1 and 2
Reason: Changes made in accordance with adopted proposal 2020-35BWG

EDITOR’S NOTE:

The above changes are highlighted on the revised pages that follow.

Recent Blanks (E) Working Group agenda items (exposure drafts) may be viewed in detail on the BWG web page at https://content.naic.org/cmte_e_app_blanks.htm.

- Column 30 – Loss and LAE Ratio Direct Basis
Should equal $(\text{Columns } 14 + 23 + 26) / \text{Column } 3$.
- | Column 31 – Loss and LAE Ratio Net Basis
Should equal $(\text{Columns } 14 + 23 + 29) / (\text{Column } 6)$.
- | Column 32 – Net Loss and LAE as a % of Original Risk in Force
Should equal $(\text{Columns } 14 + 23 + 29) / \text{Column } 1$.

- B. Non-controlled stock insurers (i.e., insurers in which a parent company has: (1) a financial interest represented by the direct or indirect ownership of less than 50% of voting shares, and (2) does not have the ability to exercise control over the insurer, e.g., through voting stock or management contract) shall be included in the blank on an equity basis.
- C. Other controlled insurers (e.g., a mutual property/casualty insurer or Lloyds insurer that is controlled by common management, proxy, or contract by one or more other insurers) shall be included in the blank on a combined basis only if there is an intercompany reinsurance agreement or pooling arrangement between them.

Example:

Companies A and B are U.S. property/casualty mutual companies. Common management controls them. Company A owns Companies C and D, U.S. property/casualty stock companies. There are no intercompany reinsurance agreements or pooling arrangements among them. Companies A, C, and D must file a combined property/casualty annual statement. Company A is the top-tier company. Company B is not included in the combined statement since it does not have reinsurance agreements or pooling arrangements with the other companies nor does Company B have any incidents of ownership, i.e., control, with the other companies.

Any affiliated U.S. property/casualty insurer whose assets are less than .5% of the largest U.S. property/casualty insurer of the group may be excluded from the blank if it is a subsidiary of any of the companies being included in the blank and, instead, included as an investment. However, if the affiliate's admitted assets are \$100 million or more or its direct written premium is \$10 million or more, it must be included in the blank. For purposes of this blank, all activities of a company acquired during the year shall be included and all activities of a company disposed of during the year shall be excluded. Prior years' data does not need to be restated to reflect the acquired or disposed company(ies) (or companies that do not meet the materiality threshold), but the beginning balances for the current year must be adjusted to reflect transactions. (Note: it is anticipated that companies will fail certain crosschecks if there are acquired or disposed of companies during the year or if companies are not included in the combined statement because they no longer meet the materiality threshold). In no event shall any company be included in more than one combined annual statement.

- 4. Date of filing: On or before May 1, following the calendar year reported, a copy of the combined annual statement should be filed with the NAIC. The filing shall be made via the Internet only.
- 5. Identify the blank as the Combined Annual Statement of the "top-tier" insurer "and its affiliated property/casualty insurers," identifying by name each of the affiliates included. If there are two or more "top-tier" insurers, identify the blank as the Combined Annual Statement of Company X and Company Y (the top-tier insurers) and their affiliated property/casualty insurers.
- 6. With the exception of Schedule Z, the format to be used is that of the NAIC Annual Statement blank for property/casualty insurers. The specific pages, exhibits, and schedules to be included are as follows:

- Title Page (in part)
- Assets
- Liabilities, Surplus and Other Funds
- Statement of Income
- Cash Flow
- Underwriting and Investment Exhibit, Parts 1 through 3
- Exhibit of Net Investment Income
- Exhibit of Capital Gains (Losses)
- Schedule D, Summary by Country
- Schedule D, Part 1A, Sections 1 and 2
- Schedule D, Parts 1 and 2, Totals (Line 2509999999, 4509999999 or 5989999999) only
- Note: Do not complete the footnote for Schedule D, Parts 1 and 2
- Schedule F, Parts 1, 2 and 3, Subtotals and Totals only
- Schedule H, Parts 1 through 4 only
- Schedule P except interrogatories
- Schedule T
- Schedule Z
- Insurance Expense Exhibit (Supplemental Filing)